



# Nevada K-12 Education Finance

## Executive Summary

Nevada's system for funding K-12 education is complex and has not been substantially revised since it was created in 1967. It has been criticized for not providing sufficient funding to adequately educate students and for not fully recognizing the additional investment needed to educate specific populations such as low-income students, English Language Learners, and special education students.

The primary funding mechanism for K-12 education is called the Nevada Plan, which includes State and local revenue. Each school district has its own basic support guarantee per pupil, which varies substantially throughout Nevada. The guarantee is the sum of three separate calculations: basic support, the wealth factor, and the transportation factor. State aid is the difference between the basic support guarantee and local funds. School districts with local revenue exceeding the basic support guarantee are able to retain the additional funds. Districts also receive substantial tax revenue outside the Nevada Plan, which is not part of the basic support guarantee. These taxes vary significantly by district and have been volatile in recent years for districts that receive significant revenues from the Net Proceeds of Minerals tax. In addition, districts receive funds for special education as well as a variety of State and Federal grants.

Per-pupil funding for charter schools is based on the funding rate in the county of residence for each pupil. While charter schools receive general fund revenue comparable to school districts, charter schools receive substantially less funds per pupil than school districts for special education, State grants, and Federal grants.

There are several issues the Nevada State Legislature can consider in the 2015 Legislative Session:

1. Historic expenditures vs adequacy formula: Should Nevada move from a school financing system built on historic expenditures to a funding formula based on the cost to adequately educate students?
2. Differential funding for specific populations: Should the Nevada Plan be amended to include weights to account for the extra costs required to educate populations such as English Language Learners, low-income students, and special education students?
3. Categorical Funds: Should the State fold existing categorical programs into the main funding formula and make these monies flexible? Should the proposed weights be funded as categorical programs or should they be folded into the main funding formula? Should charter schools receive a direct allocation of State categorical funding to achieve parity with school districts?
4. Outside Tax Revenue: Should any tax revenues outside the Nevada Plan be incorporated into the funding guarantee? Should outside revenues be considered when calculating weights for special needs?
5. Enrollment: Should Nevada move from a single count day for enrollment to multiple count days?
6. Implementation: Given limited availability of State revenues, how should the State implement a new funding formula? Should it be phased in over time and should districts be held harmless?
7. Revenue: Should legislators increase revenue for K-12 education? What are the potential sources of increased revenues?